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LONDON FOR TSOU
DEPARTMENT OF ENERGY FOR IE, MOLLY WILLIAMSON
EB/ESC/IEC FOR GALLOGLY, DOWDY

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SUBJECT: KOC CHAIRMAN DISPUTES REPORT ON KUWAIT'S
DIMINISHED OIL RESERVES

1. (U) A recent Petroleum Intelligence Weekly (PIW) report on Kuwait's diminishing oil reserves has caused a minor buzz within the Kuwait oil sector and other interested parties. The report (PIW, Vol. XLV, No. 4, January 23, 2006) quoted "data circulated within KOC" as showing that Kuwait's remaining proven and nonproven reserves are about 48 billion barrels total, as opposed to the 99 billion barrels that Kuwait publicly claims. The PIW article reported that, of this 48 billion total, 20 billion barrels are in the Burgan field and 17 billion in the northern oilfields. Western Kuwait contains 8.5 billion barrels, according to the report, with the divided zone between Kuwait and Saudi Arabia making up the remaining 2.3 billion barrels. The article goes on to state that only 24 billion of the 48 are actual proven reserves.

2. (U) Kuwait Oil Company Chairman Farouk Al-Zanki was quoted in online and local news reports on January 21 and 22 as disputing the report, saying "I have no idea where they got this from...I don't think it's accurate." He added "We are always evaluating our reserves. ... Up to now, they are set at 95 billion barrels. ... I don't know who gave them (PIW) those figures, but I don't think it's 100% accurate." He concluded, "One year we add (reserves), another year we don't and in the one after that we add more. The additions of reserves are not fixed, and each year we are adding reserves."

3. (SBU) An American oil executive with a long history in Kuwait and intimate knowledge of Kuwait's oil industry told Econ Officer on January 22 that he thought the PIW figures were actually high and that Kuwait's total reserves might be even less. He called the 99 billion barrel figure "a political number" that Kuwait uses to justify its OPEC quota. The executive said that the proven reserves were in the range of 25-26 billion barrels, and that these were the actual numbers "hanging on the wall in KOC's hallways." He said that, in his estimation, Kuwait had about 12 billion proven barrels in the Burgan field, 5 billion in the northern oilfields, 3 to 4 billion in west Kuwait, 2 billion in the onshore divided zone and 2 billion in the offshore divided zone. He estimated that Kuwait has an additional 12 billion barrels of heavy oil in the ground, but that only 6 billion are recoverable.

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